

Instructions

T12 Oil Report Fort Berthold Reservation

July 2008

INTRODUCTION:

These instructions are designed to provide the basic information needed to file the T-12 Oil Report for wells on the Fort Berthold Indian Reservation using the Excel spreadsheet format which is available on the Commissioner's home page at www.nd.gov/tax or by contacting the Oil and Gas Tax Section at oiltax@nd.gov.

INSTRUCTIONS:

1. **The Commissioner will assign allocation ratios, pool codes, and tax rates for affected API numbers.** Beginning with July 2008 production periods, transactions for wells on the Fort Berthold Indian Reservation must be reported with separate API, Sequence, and Pool Code entries for allocated purchase/sales interests from Trust and Non-Trust Lands.
2. **ENTRY SEQUENCE NUMBERING**, be sure to use incrementing sequence numbers for each entry for an API (i.e. 01201234 seq 1, 2, 3 and 01201235 seq 1, 2, 3). The sequence number allows "replacement" amendments to match to a previously reported entry for the API and sequence.
3. **CORRECT POOL CODES**, be sure to use the correct assigned pool code for allocated Trust and Non-Trusts interest reported for an API number. The correct pool code is essential to the distribution of revenues to the correct taxing jurisdictions pursuant to the revenue sharing agreement.
4. **Formulas may be used to provide calculations within the spreadsheet but do not change the format of any cells.** The Commissioner has decided not to provide calculation capabilities, our policy is to not prepare any part of a taxpayer's return.
5. **DO NOT link the spreadsheet to another file.** The spreadsheet file will not include the necessary data because the Commissioner will not have access to the linked file. If your formulas reference linked files, please copy and hard paste the resultant values into the report.
6. The Commissioner recommends that electronic returns be accompanied by electronic tax payments. However, **if you submit a check for payment of tax**, your check must be accompanied by a Tax Payment Voucher that includes the necessary information to process your payment.

The Commissioner has prepared the following worksheet examples to show some of the possible reporting scenarios that may be encountered when reporting purchases/sales from wells located within the exterior boundaries of the Fort Berthold Indian Reservation:

PRODUCTION PERIODS PRIOR TO JULY 2008 (Example 1):

1. State taxes reported on one API/Seq for pool code (051 - Bakken) - effective government exempt interest of 4.5%.
2. Tribal taxes may also be owed to the Three Affiliated Tribes - check with the Tribal Tax Commissioner for applicable reporting requirements.

NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER
CORY FONG, TAX COMMISSIONER

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PRODUCTION PERIODS BEGINNING JULY 2008 (Example 2):

1. Trust Ratio allocation of 25% with an 18% government exempt interest reported for pool code (451 - Bakken Tribal Trust)
2. Non-Trust Ratio allocation of 75% with no government exempt interest reported for pool code (351 - Bakken Tribal Fee)

PRODUCTION PERIODS BEGINNING JULY 2008 (Example 3 - FIFO inventory adjustment):

1. Trust Ratio allocation of 25% (after adjustment for inventory) with an 18% government exempt interest reported for pool code (451 - Bakken Tribal Trust)
2. Non-Trust Ratio allocation of 75% (after adjustment for inventory) with no government exempt interest reported for pool code (351 - Bakken Tribal Fee)
3. Inventory carried into the July 2008 production period reported FIFO on pool code (051 - Bakken) - with an effective government exempt interest of 4.5%
4. Tribal taxes may also be owed to the Three Affiliated Tribes on inventory - check with the Tribal Tax Commissioner for applicable reporting requirements.

CONTACTS:

Technical Assistance, Taxpayer Assistance (701) 328-2705
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API Number (i.e. 01201234)	Sequence Number	Barrels of Oil Purchased/Sold	Value of Oil Purchased/Sold	Value of Exempt Government Royalties	Taxable Value of Oil	Total Production Tax Due	Production Tax Previously Paid	Production Tax Paid By Others	Production Tax Paid with Report	Total Extraction Tax Due	Extraction Tax Previously Paid	Extraction Tax Paid By Others	Extraction Tax Paid with Report	Well Code	Pool Code	Posting Code	Oil Gravity	Additional Value	Transportation Deduction	Other Deductions	Condensate (Y or N)	Other Party Federal I.D. Number
Production Periods Prior to July 2008 (Example 1)																						
<u>Tax Due</u>																						
01201234	1	1000.00	120000.00	5400.00	114600.00	5730.00	0.00	0.00	5730.00	0.00	0.00	0.00	0.00	FE	51	NX01	40.0	0.00	0.00	2.65	N	123456789
Production Periods Beginning with July 2008 (Example 2)																						
<u>Tribal Trust</u>																						
01201234	1	250.00	30000.00	5400.00	24600.00	1230.00	0.00	0.00	1230.00	1599.00	0.00	0.00	1599.00	TT	451	NX01	40.0	0.00	0.00	2.65	N	123456789
<u>Tribal Fee</u>																						
01201234	2	750.00	90000.00	0.00	90000.00	4500.00	0.00	0.00	4500.00	0.00	0.00	0.00	0.00	FE	351	NX01	40.0	0.00	0.00	2.65	N	123456789
Coversheet Totals													<u>\$5,730.00</u>									
													<u>\$1,599.00</u>									
Production Periods Beginning with July 2008 (Example 3 - FIFO inventory adjustment)																						
<u>Tribal Trust</u>																						
01201234	1	225.00	27000.00	4860.00	22140.00	1107.00	0.00	0.00	1107.00	1439.10	0.00	0.00	1439.10	TT	451	NX01	40.0	0.00	0.00	2.65	N	123456789
<u>Tribal Fee</u>																						
01201234	2	675.00	81000.00	0.00	81000.00	4050.00	0.00	0.00	4050.00	0.00	0.00	0.00	0.00	FE	351	NX01	40.0	0.00	0.00	2.65	N	123456789
<u>Inventory</u>																						
01201234	3	100.00	12000.00	540.00	11460.00	573.00	0.00	0.00	573.00	0.00	0.00	0.00	0.00	FE	51	NX01	40.0	0.00	0.00	2.65	N	123456789
Coversheet Totals													<u>\$5,730.00</u>									
													<u>\$1,439.10</u>									